

The Morenci Water & Electric

401 Burro Alley  
P.O. Box 68  
Morenci, AZ 85540  
Telephone (928) 865-2229  
Facsimile (928) 865-5261



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2009 JAN 20 A 11: 59

AZ CORP COMMISSION  
DOCKET CONTROL

January 12, 2009

Docket Control Center  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

Re: Purchase Power Fuel Adjuster  
Docket: E-01049A-97-0677  
Reports for December 2008

Dear Staff:

Please find enclosed forms FA-1, FA-1A, FA-1B, FA-1C, FA-2, FA-3, and Power Purchase Data for the above referenced month.

- Tucson Electric Power in the amount of \$93,281.52
- Tucson Electric Power in the amount of \$7,550,926.00
- Phelps Dodge Energy Services in the amount of \$339,264.00
- Phelps Dodge Energy Services in the amount of \$3,936,168.55
- Southwest Transmission Cooperative in the amount of \$107,855.19

Please let me know if you have any questions or comments.

Sincerely,

Ruel A. Rogers, Jr.  
Superintendent

RB/rb

Enclosures(13 sets)

XC: B. Bozzo, ACC w/encl.  
M. McElrath, FMI w/encl.  
J. Anderson, ACC w/encl.  
File PPFA 2009

Arizona Corporation Commission  
DOCKETED

JAN 20 2009

DOCKETED BY

**THE MORENCI WATER & ELECTRIC COMPANY**  
**PURCHASED POWER AND FUEL ADJUSTOR**  
**BANK BALANCE REPORT FA-1**  
**For the Month of December, 2008**

Line			
1.	ENDING BANK BALANCE FROM PREVIOUS MONTH: (Over = Neg, Under = Pos)	\$	<u>5.232</u>
2A.	JURISDICTIONAL SALES(Applicable to FUEL ADJ.): (= Total Sales - FA-3)	KWH	<u>2,114,186</u>
2B.	Total Sales(includes Special Contract Sales, shown for computation of unit cost only)	KWH	<u>156,220,188</u>
2C.	Special Contract Sales not subject to PPFA per Decision No. 60807 dated Apr 8 1998	KWH	<u>154,106,002</u>
3.	ACTUAL COST OF PURCHASED POWER:	\$	<u>9,901,544</u>
4.	UNIT COST OF PURCHASED POWER: (Line 3/Line 2B)	\$/KWH	<u>0.063382</u>
5.	AUTHORIZED BASE COST OF PUR. POWER: Per Decision No.54712 Dated 10/10/85	\$/KWH	<u>0.075220</u>
6.	AUTHORIZED PURCHASED POWER ADJUSTOR: Per Decision No.61298 Dated 12/98, Updated Decision No. 61705 Dated 5/99	\$/KWH	<u>(0.019000)</u>
7.	AUTHORIZED PURCHASED POWER ADJUSTOR: Per Decision No.67676 dated 03/05	\$/KWH	<u>0.000000</u>
8.	TOTAL RATE COLLECTED FROM CUSTOMER: (Line 5 + Line 6+ Line 7)	\$/KWH	<u>0.05622</u>
9.	INCREMENTAL DIFFERENCE BETWEEN AUTHORIZED AND ACTUAL RECOVERY: (Line 4 - Line 7)	\$/KWH	<u>0.007162</u>
10.	NET CHANGE TO BANK BALANCE: (Line 2A x Line 8) If Line 4 > Line 7 - Under Collected Balance. If Line 4 < Line 7 - Over Collected Balance, neg.	\$	<u>15.142</u>
11.	ADJUSTMENTS TO BANK BALANCE: From FA-1A	\$	<u>0</u>
12.	PREAPPROVED DSM COSTS: From FA-1B	\$	<u>0</u>
13.	ENDING BANK BALANCE: (Line 1 + Line 9 + Line 10 + Line 11)	\$	<u>20.374</u>

**THE MORENCI WATER & ELECTRIC COMPANY  
PURCHASED POWER AND FUEL ADJUSTOR  
BANK BALANCE REPORT FA-1A  
ADJUSTMENTS TO BANK BALANCE DETAIL  
For the Month of December, 2008**

PLEASE PROVIDE A DETAILED SUMMARY OF THE ADJUSTMENTS THAT THE COMPANY IS CLAIMING THAT AFFECT THE ENDING BALANCE OF THE PURCHASED POWER AND FUEL ADJUSTOR REPORT. EXAMPLES OF ADJUSTMENTS COULD INCLUDE PRIOR PERIOD ADJUSTMENTS FOR BILLING ERRORS OR CORRECTIONS, REFUNDS RECEIVED FROM YOUR SUPPLIER, REFUNDS ORDERED BY THE COMMISSION ETC. ALL ADJUSTMENTS NEED TO BE THOROUGHLY EXPLAINED AND SUPPORTING DOCUMENTATION ATTACHED, IF APPROPRIATE. THE TOTAL OF ALL THE ADJUSTMENTS BEING CLAIMED SHOULD BE ENTERED AT THE BOTTOM OF THIS FORM AND ON FA-1, LINE 10.

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ADJUSTMENTS TO BANK BALANCE:  
(Transfer amount to FA-1, Line 10.)

\$0.00

**THE MORENCI WATER & ELECTRIC COMPANY  
PURCHASED POWER AND FUEL ADJUSTOR  
BANK BALANCE REPORT FA-1B  
PREAPPROVED DSM COST DETAIL  
For the Month of December, 2008**

PLEASE PROVIDE A DETAIL LISTING OF THE DSM COSTS CLAIMED ON FA-1, LINE 11. DSM COSTS SHOULD BE LISTED BY PROGRAM, AMOUNT AND PERIOD OF TIME WHEN THE FUNDS WERE ACTUALLY SPENT. THE TOTAL DOLLARS SPENT THIS MONTH ON ALL PROGRAMS SHOULD BE ENTERED ON THE LINE PROVIDED AT THE BOTTOM OF THIS PAGE AND ON FA-1, LINE 11.

PROGRAM NAME	APPLICABLE TIME PERIOD	CUMULATIVE COSTS CLAIMED TO DATE	COSTS CLAIMED THIS MONTH
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NONE

TOTAL DSM COSTS CLAIMED THIS MONTH  
(Transfer amount to FA-1, Line 11.)

\$0.00

**THE MORENCI WATER & ELECTRIC COMPANY**  
**PURCHASED POWER AND FUEL ADJUSTOR**  
**BANK BALANCE REPORT FA-1C**  
**For the Month of December, 2008**

Supplemental report for Decision No. 61298 dated December 1998

Line

1.	ENDING BANK BALANCE FROM PREVIOUS MONTH: (Over = Neg, Under = Pos)	\$		0
2.	JURISDICTIONAL SALES(Applicable to FUEL ADJ.): (= Total Sales - FA-3)	KWH		0
3.	AUTHORIZED PURCHASED POWER ADJUSTOR: Per Decision No.61298 Dated 12/98	\$/KWH		<u>0.000000</u>
4.	NET CHANGE TO BANK BALANCE: (Line 2 x Line 3)	\$		0
5.	ENDING BANK BALANCE: (Line 1 + Line 5)	\$		0

**THE MORENCI WATER & ELECTRIC COMPANY  
PURCHASED POWER AND FUEL ADJUSTOR  
GENERAL INFORMATION FA-2  
For the Month of December, 2008**

Line

1. COMPANY NAME: THE MORENCI WATER & ELECTRIC COMPANY
2. MAILING ADDRESS: P.O. BOX 68 - MORENCI, AZ. 85540
3. CONTACT PERSON: DENNIS TRUE
4. CONTACT TELEPHONE NUMBER: (928) 865-6219

GENERATION

5.	GAS GENERATION	(\$)	_____	
6.	OIL GENERATION	(\$)	_____	
7.	COAL GENERATION	(\$)	_____	
8.	OTHER GENERATION (Identify)	(\$)	_____	
	TOTAL GENERATION COSTS	(\$)	A.	0

PURCHASED POWER

9.	BASE METER CHARGE	(\$)	_____	
10.	DEMAND CHARGE	(\$)	_____	
11.	ENERGY CHARGE	(\$)	_____	
	TOTAL PURCHASED POWER COSTS (Including Special Contract Per Decision No. 60807)	(\$)	B.	<u>9,901,543.90</u>
12.	TOTAL COST OF GENERATION AND PURCHASED POWER (Total of Lines 8A and 11B)	(\$)		<u>\$9,901,543.90</u>

13.	KWH	(KWH)		
	Generated		0	
	Purchased Special Contract (Per Decision No 60807)		<u>154,106,002</u>	
	Purchased		<u>27,070,831</u>	
	TOTAL KWH GENERATED/PURCHASED			<u>181,176,833</u>

14.	COST PER KWH	(\$/KWH)	_____	0.054651
	(Line 12/Line 13)			

15.	UNACCOUNTED FOR KWH'S			
	Line Loss	(KWH)	<u>291,211</u>	
	Own Use	(KWH)	<u>6,776</u>	

**THE MORENCI WATER & ELECTRIC COMPANY  
PURCHASED POWER AND FUEL ADJUSTOR  
GENERAL INFORMATION FA-3  
For the Month of December, 2008**

Line			
1.	<u>SALES (KWH)</u>		
	Residential	998,875	
	Commercial - (small)		
	Commercial - (small)		
	Industrial	1,115,311	
	Irrigation		
	Municipal		
	Wholesale		
	Other Sales (Special Contract Sales per Decision No. 60807 Dated April 8, 1998)	154,106,002	
	TOTAL SALES (KWH)		156,220,188
	(Total KWH Sales SHOULD Agree with number on FA-1, Line #2.)		
2.	<u>SALES (\$)</u>		
	Residential	\$113,105.10	
	Commercial - (small)		
	Commercial - (small)		
	Industrial	\$114,531.25	
	Irrigation		
	Municipal		
	Wholesale		
	Other Sales (Special Contract Sales per Decision No. 60807 Dated April 8, 1998)	\$10,068,480.56	
	TOTAL SALES (\$)		\$10,296,116.91
3.	<u>NUMBER OF CUSTOMERS**</u>		
	Residential	2,131	
	Commercial - (small)		
	Commercial - (small)		
	Industrial	264	
	Irrigation		
	Municipal		
	Wholesale		
	Other Sales (Special Contract Sales per Decision No. 60807 Dated April 8, 1998)	1	
	TOTAL CUSTOMERS		2,396

\*\*Use 'Avg' number of customers; Beg # + End # divided by 2.

**THE MORENCI WATER & ELECTRIC COMPANY**  
**Miscellaneous Power Purchase Data**  
**Excludes Special Contract Sales**  
**For the Month of December, 2008**

	<u>K.W.H.</u>	<u>Percent</u>	<u>K.W.</u>
Total Sales	156,220,188	99.8%	
Total Own Usage	50,770	0.0%	
Total System Losses	291,211	0.2%	
Total Purchased Energy	156,562,169		
System Losses-Rolling annual average		<u>3100.00%</u>	
MWE Billed Peak			N/A
MWE Load Factor as Billed		N/A	
*MWE/PDC Coincidental Peak Demand			N/A
*MWE/PDC Coincidental Load Factor		N/A	
*Per Prem Bahl's Calculations 6/17/91			
MWE Actual Peak Per 3 MWE Totalizers			N/A
MWE Actual Load Factor Per 3 MWE Totalizers		N/A	



**The Energy People**

P.O. Box 711  
 Tucson, Arizona 85702  
 520-745-7170  
 520-571-4032

**INVOICE**

**Morenci Water & Electric**  
 Attn: Dennis True  
 P.O. Box 68  
 Morenci, AZ 85540

Invoice Date: **January 6, 2009**  
 Customer No: **TEP 0311 MWE 904**

Description	Charges	Credits	Amount
Charges in accordance with Service Schedules "A", "B", "C", "D", "E" and "F" of the Control Area Services Agreement dated August 18, 2004.			
<b>Month of: December 2008</b>			
Control Area Services:			
Administrative	267,967 kW @ 0.0128 / kW		3,429.98
Reactive Supply & Voltage Control	267,967 kW @ 0.1610 / kW		43,142.70
Regulation & Frequency Response	3,175 kW @ 12.0850 / kW		38,369.88
Energy Imbalance - Outside Bandwidth:			
Negative Imbalance	49.75 MWh @ 100.00 / MWh		4,974.72
Positive Imbalance	(124.159) MWh @ 70.23880 / MWh	8,720.76	(8,720.76)
Spinning Reserve	1,000 kW @ 12.0850 / kW		12,085.00
Interruptible Load/Non-Spin	0 kW @ 1.9840 / kW		-
Energy Imbalance - Inside Bandwidth - Payment-in-Kind:			
Negative Imbalance	1,526 MWh		
Positive Imbalance	(1,838) MWh		
Net	(312) MWh		

**e-mail to:**  
 roxanne\_boling@fmi.com

**copy to:**

**Freeport McMoran Copper & Gold, Inc.**  
 Attn: Michael McElrath  
 One North Central Avenue  
 Phoenix, Arizona 85004

**Payments are due the 15th day after invoice receipt**

**Amount Due TEP** \$ **93,281.52**

Please Wire Transfer Payments to:

Tucson Electric Power Company – Corporate  
**Wells Fargo Bank**  
 ABA 121-000-248  
 Account Number 495-0029116

**Due Date:** **January 20, 2009**

Payments not received on or before the Due Date are subject to a late charge.

Checked By: \_\_\_\_\_

Approved By: \_\_\_\_\_

Questions? Call Kevin Battaglia at (520) 917-8722 or e-mail kbattaglia@tep.com



P.O. Box 711  
 Tucson, Arizona 85702  
 520-745-7170  
 fax 520-770-2003

**INVOICE**

**Morenci Water & Electric Company**  
 Attn: Ms. Roxanne Boling  
 P.O. Box 68  
 Morenci, AZ 85540

Invoice Date: **January 5, 2009**  
**TEP 0311 904**

Description	Charges	Credits	Amount
Energy purchased by: <b>MWE</b> December			
Energy Charge:			
Market Power - Real Time      26,931    MWh @    42.96    /MWh	<b>1,156,996.00</b>		<b>1,156,996.00</b>
Market Power - Daily            75        MWh @    0.00     /MWh	<b>0.00</b>		<b>-</b>
Short Term Contract            76,600    MWh @    83.47    /MWh	<b>6,393,930.00</b>		<b>6,393,930.00</b>
Loss PAYB to EPE                0            MWh @    0.00     /MWh	<b>0.00</b>		<b>0.00</b>
Additional Transmission costs: (PNM, WALC, TEPC)	0.00		0.00

**Payments are due the later of the last day of the invoice month or the tenth day after receipt.**

**Amount Due TEP \$ 7,550,926.00**

Please Wire Transfer Payments to:

**Due Date: January 20, 2009**

Tucson Electric Power Company – Corporate  
**Wells Fargo Bank**  
 ABA 121-000-248  
 Account Number 495-0029116

Payments not received on or before the Due Date are subject to a late charge.

Approved By: \_\_\_\_\_

Checked By: \_\_\_\_\_

Questions? Call Kevin Battaglia at (520) 745-7170 or e-mail kbattaglia@tep.com



**Phelps Dodge Energy Services**  
One North Central Avenue, Phoenix AZ 85004-2306  
(602) 366-8100 Voice  
(602) 366-7315 Facsimilie

**INVOICE**

**Morenci Water & Electric**  
P.O. Box 68  
66 Fairbanks Road  
Morenci, Az. 85540

**Invoice Date: January 2, 2009**

Description	Charges	Credits	Amount
Services Provided to MW&E pursuant to : PDES's FERC Electric Tariff, First Revised Volume No. 1, Third Revised Sheet Nos. 1-2	\$ 339,264.00		\$ 339,264.00
Current Charges			<b>\$ 339,264.00</b>

**Due Date: January 16, 2009**

**Wire Transfer:**

Bank of America  
Dallas, Texas  
ABA # 026009593  
Account # 3752029501  
Phelps Dodge Energy Services



**INVOICE**

**TO: The Morenci Water and Electric Company  
Post Office Box 68  
4521 U. S. Highway 191  
Morenci, Arizona 85540**

**ATTN: Dennis True, Authorized Contract Representative**

**DATE: January 6, 2009**

**December, 2008**

<b>Firm Transmission Service</b>	\$	68,460.00
Ancillary Services Schedule 1	\$	5,780.00
Ancillary Services Schedule 2	\$	1,880.00
<b>Non-Firm Transmission Service</b>	\$	25,672.50
Ancillary Services Schedule 1	\$	4,335.00
Ancillary Services Schedule 2	\$	1,410.00
<b>Transmission Losses</b>	\$	317.69
	\$	-
<b>TOTAL AMOUNT DUE TO SOUTHWEST TRANSMISSION COOP., INC.</b>	<b>\$</b>	<b>107,855.19</b>

Bills are due and payable at the Southwest Transmission Cooperative Inc. office 20 days after receipt of the invoice.

PLEASE REMIT TO: SOUTHWEST TRANSMISSION COOPERATIVE, INC.  
C/O BLANCHE MCCUNE-FINANCIAL SERVICES  
P.O. BOX 2195  
BENSON, AZ 85602-2195  
CUSTOMER NUMBER 40029

PLEASE WIRE PAYMENT TO: BANK OF AMERICA  
ABA # 026009593 ACCT # 467-1865939

The Morenci Water and Electric Company  
 Post Office Box 66  
 4521 U. S. Highway 191  
 Morenci, Arizona 85540

BILLING PERIOD: December, 2008

DATE: January 6, 2009

DATE DUE: 20 Days after receipt

DESCRIPTION				CREDITS	CHARGES
<b>FIRM TRANSMISSION SERVICE:</b>					
Reserved Capacity (20,000 kW)	20,000	kW @	\$3.42300 /kW		\$68,460.00
Ancillary Services:					
Schedule 1 - Scheduling, Sys Control & Dispatch	20,000	kW @	\$0.28900 /kW		\$5,780.00
Schedule 2 - Reactive Supply & Voltage Control	20,000	kW @	\$0.09400 /kW		\$1,880.00
Hourly Firm-On Peak	0	kWh @	\$0.00823 /kWh		\$0.00
Ancillary Services:					
Schedule 1 - Scheduling, Sys Control & Dispatch	0	kWh @	\$0.00069 /kWh		\$0.00
Schedule 2 - Reactive Supply & Voltage Control	0	kWh @	\$0.00023 /kWh		\$0.00
Hourly Firm-Off Peak	0	kWh @	\$0.00469 /kWh		\$0.00
Ancillary Services:					
Schedule 1 - Scheduling, Sys Control & Dispatch	0	kWh @	\$0.00040 /kWh		\$0.00
Schedule 2 - Reactive Supply & Voltage Control	0	kWh @	\$0.00013 /kWh		\$0.00
<b>SUBTOTAL FIRM TRANSMISSION</b>					<b>\$76,120.00</b>
<b>NON-FIRM TRANSMISSION SERVICE:</b> Rate includes 50% discount					
Reserved Capacity (25,000 kW)	15,000	kW @	\$1.71150 /kW		\$25,672.50
Ancillary Services:					
Schedule 1 - Scheduling, Sys Control & Dispatch	15,000	kW @	\$0.28900 /kW		\$4,335.00
Schedule 2 - Reactive Supply & Voltage Control	15,000	kW @	\$0.09400 /kW		\$1,410.00
Hourly NonFirm-On Peak	0	kWh @	\$0.00412 /kWh		\$0.00
Ancillary Services:					
Schedule 1 - Scheduling, Sys Control & Dispatch	0	kWh @	\$0.00069 /kWh		\$0.00
Schedule 2 - Reactive Supply & Voltage Control	0	kWh @	\$0.00023 /kWh		\$0.00
Hourly NonFirm-Off Peak	0	kWh @	\$0.00235 /kWh		\$0.00
Ancillary Services:					
Schedule 1 - Scheduling, Sys Control & Dispatch	0	kWh @	\$0.00040 /kWh		\$0.00
Schedule 2 - Reactive Supply & Voltage Control	0	kWh @	\$0.00013 /kWh		\$0.00
<b>SUBTOTAL NON-FIRM TRANSMISSION</b>					<b>\$31,417.50</b>
<b>SUBTOTAL</b>					<b>\$107,537.50</b>
<b>TOTAL AMOUNT DUE SWTC</b>					<b>\$107,537.50</b>

The Morenci Water and Electric Company  
 Post Office Box 66  
 4521 U. S. Highway 191  
 Morenci, Arizona 85540

BILLING PERIOD: December, 2008

DATE: January 6, 2009

DATE DUE: 20 Days after receipt

DESCRIPTION	CREDITS	CHARGES
<b>LOSSES FOR TRANSMISSION</b>		
Total kWh Wheeled by SWTC for MWE-Morenci		
172,000 kWh		
* LOSS ADJUSTMENT (XXXXX kWh * .0297 loss rate)*		
5,108 kWh @		
\$0.06219 /kWh		\$ 317.69
kWh * by Average cost of Energy for Month		
Average Cost supplied by MWE		
<b>TOTAL AMOUNT PAYABLE TO SWTC</b>		<b>\$ 317.69</b>